

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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| In re: | : | Case No. 02-10429 (JKF) |
| | : | Jointly Administered |
| KAISER ALUMINUM CORPORATION, | : | |
| a Delaware corporation, <u>et al.</u>, | : | Chapter 11 |
| | : | |
| Debtors. | : | |
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**APPELLANT’S STATEMENT OF ISSUES ON APPEAL
AND DESIGNATION OF RECORD ON THE APPEAL FROM THE
ORDER TITLED ORDER (A) APPROVING A SETTLEMENT
AGREEMENT WITH THE PENSION BENEFIT GUARANTY
CORPORATION AND (B) DISMISSING THE OBJECTION OF LAW
DEBENTURE TRUST COMPANY OF NEW YORK TO THE PENSION
BENEFIT GUARANTY CORPORATION’S PROOFS OF CLAIM (D.I. 6005)**

Pursuant to Bankruptcy Rule 8006, Law Debenture Trust Company of New York (“Appellant” or “LDTC”) hereby designates the following items for inclusion in the record (the “Record on Appeal”) and states the issues to be presented on appeal from the order titled *Order (a) Approving a Settlement Agreement with the Pension Benefit Guaranty Corporation and (b) Dismissing the Objection of Law Debenture Trust Company of New York to the Pension Benefit Guaranty Corporation’s Proofs of Claim* (D.I. 6005):

Statement of Issues on Appeal

1. Whether the Bankruptcy Court erred in approving, pursuant to Federal Rule of Bankruptcy Procedure 9019, the settlement agreement of Kaiser Aluminum Corporation, et al. (the “Debtors”) with the Pension Benefit Guaranty Corporation (the “PBGC”) without ruling first on Appellant’s previously filed objection under 11 U.S.C. § 502 to the PBGC’s proofs of claim?
2. Whether the Bankruptcy Court erred in holding that Appellant’s claim objection pursuant to 11 U.S.C. § 502 was “resolved” by the Bankruptcy Court’s

approval, pursuant to Federal Rule of Bankruptcy Procedure 9019, of the Debtors' settlement with the PBGC, where Appellant was not a party to the settlement agreement?

3. Whether the Bankruptcy Court erred in approving the Debtors' settlement with the PBGC?

Designation of Record on Appeal

The record on appeal of the order titled *Order Denying Law Debenture Trust Company of New York's Motion for Reconsideration of the Court's Stay of Law Debenture Trust Company of New York's Objection to Certain Proofs of Claim Filed by the Pension Benefit Guaranty Corporation* (D.I. 6006) is identical to this Record on Appeal, and for the convenience of the Court and upon the advice of the Office of the Clerk of the Bankruptcy Court, only one set of copies is being furnished in compliance with Local Rule 8006-1.

| <u>Date</u> | <u>Docket No.</u> | <u>Record Item</u> |
|-------------|-------------------|--|
| 09/15/2004 | 5003 | Objection to Proofs of Claim Nos. 1932, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, and 1958 Filed by the PBGC |
| 10/22/2004 | 5251 | Motion of Debtors and Debtors in Possession for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim (D.I. 5003) |
| 10/28/2004 | 5286 | Notice of Hearing on Motion of Debtors and Debtors in Possession for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim (D.I. 5003) [Docket No. 5251] and Motion of Debtor and Debtor in Possession KACC for an Order Approving Amended and Restated Agreement with the United Steelworkers of America [Docket No. 5253] |

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| 10/29/2004 | 5303 | Response to Objection of LDTC, as Indenture Trustee, To Proofs of Claim Nos. 1932, 1936 through 1958 |
| 10/29/2004 | 5306 | Response of Debtors and Debtors in Possession to Objection of LDTC to Proofs of Claim Filed by the PBGC |
| 11/01/2004 | 5311 | Objection of LDTC, as Indenture Trustee, to Debtors' Motion for an Order (A) Approving Their Settlement with the PBGC and (B) Dismissing the Objection of LDTC to Proofs of Claim Filed by the PBGC |
| 11/01/2004 | 5313 | Objections of Retirees Committee to Motions for Approval of (1) Intercompany Claims Settlement, (2) Settlement with Steelworkers, and (3) Settlement with PBGC |
| 11/01/2004 | 5314 | PBGC's Joinder in Support of Motion of Debtors and Debtors in Possession for Order (A) Approving Settlement Agreement with PBGC and (B) Dismissing as Moot the Objection of LDTC to PBGC's Proofs of Claim |
| 11/01/2004 | 5315 | Response of the Official Committee of Unsecured Creditors in Support of the Motion of the Debtors and Debtors in Possession for an Order (A) Approving Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim |
| 11/01/2004 | 5316 | Supplemental Objection of the Official Committee of Asbestos Claimants and Martin J. Murphy, Legal Representative for Future Asbestos Claimants, to: (I) the Joint Motion of Debtors and Joint Motion of Debtors and Debtors in Possession and the Official Committee of Unsecured Creditors for an Order (A) Approving Settlement and Release Agreement Regarding Prepetition and Postpetition Intercompany Claims and (B) Authorizing the Transfers and Releases Provided Therein [D.I. 5003]; and (II) Motion of Debtors and Debtor in Possession for an Order (A) Approving Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim [D.I. 5251] |

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| 11/01/2004 | 5319 | Joinder of the Future Silica Claimants' Representative in the Supplemental Objection of the Official Committee of Asbestos Claimants and Martin J. Murphy, Legal Representative for Future Asbestos Claimants, to: (I) the Joint Motion of Debtors and Debtors in Possession and the Official Committee of Unsecured Creditors for an Order (A) Approving Settlement and Release Agreement Regarding Prepetition and Postpetition Intercompany Claims and (B) Authorizing the Transfers and Releases Provided Therein; and (II) Motion of Debtors and Debtors in Possession for an Order (A) Approving Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim |
| 11/04/2004 | 5330 | Response of United Steelworkers of America to Objection to Motions of Debtors for Orders: (1) Approving Amended and Restated Agreement with the United Steelworkers of America (2) Approving a Settlement Agreement with the PBGC, and (3) (Sought Jointly with the Official Committee of Unsecured Creditors) (A) Approving Settlement and Release Agreement Regarding Prepetition and Postpetition Intercompany Claims and (B) Authorizing the Transfers and Releases Provided Therein |
| 11/04/2004 | 5331 | Joint Reply of LDTC to the Responses of the PBGC and the Debtors to the Objection of LDTC, as Indenture Trustee, to Proofs of Claim Nos. 1932, 1936 through 1958, Filed by PBGC |
| 11/04/2004 | 5334 | PBGC's Reply to Objection of LDTC to Motion of Debtors and Debtors in Possession for Order (A) Approving a Settlement Agreement with PBGC and (B) Dismissing as Moot the Objection of LDTC to PBGC's Proofs of Claim |
| 11/04/2004 | 5335 | Reply of the Official Committee of Unsecured Creditors to the Supplemental Objection of the Official Committee of Asbestos Claimants and Martin J. Murphy, Legal Representative for Future Asbestos Claimants |

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| 11/04/2004 | 5337 | Reply of Debtors and Debtors in Possession to Retirees' Committee's Objection to Motions of for Approval of (I) Settlement Agreement Regarding Intercompany Claims (II) Settlement Agreement with PBGC and (III) Amended and Restated Agreement with the United Steelworkers of America |
| 11/04/2004 | 5338 | Reply of Debtors and Debtors in Possession to the Objection of LDTC in Opposition to Approval of Debtors' Settlement with Respect to the PBGC and Dismissal of the Objection of LDTC to Proofs of Claim Filed by the PBGC |
| 11/15/2004 | 5372 | Transcript of Hearing Held 11/8/04 |
| 11/23/2004 | 5431 | Scheduling Order Related to Debtors' Motion Seeking Approval of Settlement with PBGC Pursuant to Bankruptcy Rule 9019 |
| 11/30/2004 | 5471 | Debtors' Witness List for Hearing on Motion for Approval of Settlement with PBGC pursuant to Bankruptcy Rule 9019 |
| 12/14/2004 | 5592 | Motion for Reconsideration of the Court's Stay of LDTC's Objection to Certain Proofs of Claim Filed by the PBGC |
| 01/07/2005 | 5857 | PBGC's Opposition to Motion for Reconsideration of the Court's Stay of LDTC's Objection to Certain Proofs of Claim Filed by the PBGC |
| 01/07/2005 | 5864 | Objection of Debtors and Debtors in Possession to LDTC's Motion to Reconsider the Court's Stay of LDTC's Objection to Certain Proofs of Claim Filed by the PBGC |
| 01/10/2005 | 5872 | Pre-Hearing Brief of the PBGC |
| 01/10/2005 | 5873 | Brief of the Official Committee of Unsecured Creditors in Support of the Motion of Debtors and Debtors in Possession for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim |

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| 01/10/2005 | 5879 | Hearing Brief of Retirees Committee Concerning Motion for Approval of Settlement with PBGC |
| 01/10/2005 | 5880 | Hearing Brief of Debtors and Debtors in Possession in Support of Their Motion for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim |
| 01/11/2005 | 5897 | Expert Report of Karen Justesen |
| 01/12/2005 | 5903 | Declaration of Karen Justesen in Support of the Motion of Debtors and Debtors in Possession for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim |
| 01/12/2005 | 5903 | Declaration of Kenneth B. Kofsky in Support of the Motion of Debtors and Debtors in Possession for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim |
| 01/12/2005 | 5907 | Declaration of Norman Parrish in Support of the Motion of Debtors and Debtors in Possession for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim |
| 01/12/2005 | 5908 | <p>Declaration of Blake O'Dowd** in Support of the Motion of Debtors and Debtors in Possession for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim</p> <p>**Pursuant to rulings made by the Bankruptcy Court during the evidentiary hearing, certain contents of this document were excluded from the evidence admitted at trial.</p> |
| 01/12/2005 | 5909 | Declaration of John Barneson in Support of the Motion of Debtors and Debtors in Possession for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC 's Proofs of Claim |

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| 01/14/2005 | 5948 | <p>Amended Declaration of Amit Patel** in Support of the Response of the Official Committee of Unsecured Creditors in Support of the Motion of Debtors and Debtors in Possession for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim</p> <p>**Pursuant to rulings made by the Bankruptcy Court during the evidentiary hearing, certain contents of this document were excluded from the evidence admitted at trial.</p> |
| 01/21/2005 | 5995 | Objection of Debtors and Debtors in Possession to the Proofs of Claim Filed by the PBGC |
| 01/25/2005 | 6005 | Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing the Objection of LDTC to the PBGC's Proofs of Claim |
| 01/25/2005 | 6006 | Order Denying with Prejudice LDTC's Motion For Reconsideration of the Court's Stay of LDTC's Objection to Certain Proofs of Claim Filed by the PBGC |
| 01/25/2005 | 6009 | Order Approving Stipulated and Agreed Protective Order Regarding Confidential Information Exchanged in Connection with Law Debenture Trust Company of New York's Objections to Claims of PBGC |
| 02/03/2005 | 6076 | Transcript of Hearing Held 1/24/05 |
| 02/03/2005 | 6081 | Notice of Appeal AP #05-7 of Order Denying LDTC's Motion for Reconsideration of The Court's Stay of LDTC's Objection to Certain Proofs of Claim Filed by the PBGC |
| 02/03/2005 | 6083 | Notice of Appeal AP#05-8 of Order (a) Approving a Settlement Agreement with the PBGC and (b) Dismissing the Objection of LDTC to the PBGC's Proofs of Claim |
| 02/07/2005 | 6099 | Transcript of Hearing Held 1/18/05 |

| <u>TAB</u> | <u>Record Item</u> | <u>Bates Nos.</u> |
|-------------------|---|--------------------------|
| | DOCUMENTS FILED UNDER SEAL | |
| 1 | Trial Brief of LDTC in Opposition to Approval of Debtors' Settlement with Respect to the PBGC and Dismissal of the Objection of LDTC to Proofs of Claim Filed by the PBGC Dated 01/11/2005 – Docket No. 5890 <i>(Filed Under Seal)</i> | |
| 2 | Declaration of Roger Brinner, Ph.D. in Support of Objection of LDTC, as Indenture Trustee, to Debtors' Motion for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim Filed by the PBGC Dated 01/12/2005 – Docket No. 5904 <i>(Filed Under Seal)</i> | |
| 3 | Declaration of Tina Niehold Moss in Support of Objection of LDTC, as Indenture Trustee, to Debtors' Motion for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim Filed by the PBGC Dated 01/12/2005 – Docket No. 5905 <i>(Filed Under Seal)</i> | |
| 4 | Declaration of Steven M. Rabinowitz in Support of Objection of LDTC, as Indenture Trustee, to Debtors' Motion for an Order (A) Approving a Settlement Agreement with the PBGC and (B) Dismissing as Moot the Objection of LDTC to the PBGC's Proofs of Claim Filed by the PBGC Dated 01/12/2005 – Docket No. 5906 <i>(Filed Under Seal)</i> | |
| 5 | Expert Report of Dr. Roger Brinner, Ph.D. Dated 01/10/2005 – Docket No. 5874 <i>(Filed Under Seal)</i> | |
| | EXHIBITS FOR TRIAL - UNDER SEAL | |
| | <u>Exhibits of Debtors</u> | |
| D-1 | Kaiser/PBGC Settlement Agreement dated October 14, 2004 | PBGC 6163-6165 |
| D-2 | Proposed term sheet dated February 6, 2004 | KA-LDTC 01050-01052 |
| D-3 | Proposed term sheet dated September 3, 2004 | PBGC 4445-4447 |

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| D-4 | Proposed term sheet dated September 10, 2004 | PBGC 4454-4457 |
| D-5 | Proposed term sheet dated September 20, 2004 | PBGC 4461-4463 |
| D-6 | Proposed term sheet dated September 21, 2004 | PBGC 6230-6231 |
| D-7 | Proposed term sheet dated September 23, 2004 | PBGC 4467, 4472-4474 |
| D-8 | Proposed term sheet dated September 24, 2004 | PBGC 4475-4478 |
| D-9 | Proposed term sheet dated September 28, 2004 | PBGC 4486-4489 |
| D-10 | Kaiser Aluminum presentation at PBGC Introductory Meeting November 2002 | KA-LDTC 00505-00538 |
| D-11 | Kaiser Aluminum presentation at PBGC meeting, September 2003 | KA-LDTC 04578-04653 |
| D-12 | Kaiser Aluminum presentation re: Replacement Plan Overview dated February 6, 2004 | KA-LDTC 01024-01027 |
| D-13 | Kaiser Aluminum presentation at PBGC meeting, July 28, 2004 | PBGC 6172-6185 |
| D-14 | Analysis of Annual Pension Discount Rates | KA-LDTC 03385 |
| D-15 | Liquidity analysis prepared by Lazard (attached as Exhibit 1 to Blake O'Dowd's Declaration in Support of Distress Termination Motion) | |
| D-16 | Hewitt Associates Actuarial Report for Kaiser Aluminum Salaried Employees Retirement Plan (Plan #01) as of January 1, 2003 | KA-LDTC 00244-00287 |
| D-17 | Hewitt Associates Actuarial Report for Kaiser Aluminum Pension Plan (Plan #13) as of January 1, 2003 | KA-LDTC 00288-00330 |
| D-18 | Hewitt Associates Actuarial Report for Kaiser Aluminum Inactive Pension Plan (Plan #174) as of January 1, 2003 | KA-LDTC 00331-00364 |
| D-19 | Hewitt Associates Plan Termination Liability analysis | PBGC 4494-4497 |

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| | <u>Exhibits of PBGC</u> | |
| P-1 | 2002 Form 5500 Schedule B for the Kaiser Aluminum Salaried Employees Retirement Plan 001 (the "Salaried Plan") | |
| P-2 | 2003 Form 5500 Schedule B for the Salaried Plan | |
| P-3 | Asset Statement for the Salaried Plan, dated January 17, 2003 | |
| P-4 | 2002 Form 550 Schedule B for the Kaiser Aluminum Pension Plan 013 (the "KAP Plan") | |
| P-5 | 2003 Form 5500 Schedule B for the KAP Plan | |
| P-6 | Asset Statements for the KAP Plan, dated April 30, 2004 | |
| P-7 | 2002 Form 5500 Schedule B for the Kaiser Aluminum Inactive Pension Plan (the "Inactive Plan") | |
| P-8 | 2003 Form 5500 Schedule B for the Inactive Plan | |
| P-9 | Asset Statement for the Inactive Plan, dated June 30, 2004 | |
| P-10 | Premium Report for Salaried Plan | |
| P-11 | Premium Report for the KAP Plan | |
| P-12 | Premium Report for the Inactive Plan | |
| | <u>Exhibits of Law Debenture</u> | |
| L-1 | Kaiser/PBGC Settlement Agreement dated October 14, 2004 | |
| L-2 | Draft Power Point re: Kaiser Pension Plan Materials | KA-LDTC 3295-3301 |
| L-3 | Proposed Term Sheet | PBGC 6156- 59 |
| L-4 | Email from Eric Siekman to John Barneson dated August 5, 2004 | KA-LDTC 3273-75, 3187-90 |
| L-5 | Proposed term sheet dated September 3, 2004 | PBGC 4445- 47 |
| L-6 | Proposed term sheet dated September 10, 2004 | PBGC 4454- 59 |
| L-7 | Proposed term sheet dated September 28, 2004 | PBGC 4486- 92 |
| L-8 | Kaiser Aluminum presentation at PBGC meeting, September 2003 | |
| L-9 | Unfunded Actuarial Liability | FAR 00074-76 |

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| L-10 | Recovery Analysis | FAR 00061-62 |
| L-11 | Handwritten notes | FAR 00031-32 |

Dated: February 14, 2005

Respectfully submitted,

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